

provide for public school facilities. Local school administrative units are currently allowed to enter into either operating or capital leases to provide for school facilities. As a practical matter, an operating lease or a capital lease will generally require the local school administrative unit to receive the approval of both the board of county commissioners and the Local Government Commission before entering into the lease.

APPROVAL PROCESS FOR PUBLIC SCHOOL CONSTRUCTION

The Committee looked at the approval process related to new school construction plans. In addition to the Department of Public Instruction, the Department of Transportation, the Department of Environment and Natural Resources, and the Department of Insurance all play a role in evaluating construction plans for new schools. The Department of Transportation evaluates plans to determine their effect on local traffic patterns and to evaluate the potential of providing other safe routes (such as sidewalks and bike paths) to schools. The Department of Environment and Natural Resources first evaluates projects as it would any other large project for the effects of sediment run-off during construction. In addition, the DENR may conduct further permitting or review based on the specific location where the school is to be located¹². The Department of Insurance has a duty to inspect any building to be owned by a city, county, or school district before construction begins to determine if the plans are in accord with fire safety standards if the building is in excess of 10,000 square feet. In all, the approval process for public school construction plans often spans months before construction may begin.

DEBT AFFORDABILITY

The Committee heard from the State Treasurer's Office about the work of the Debt Affordability Advisory Committee. In 2004, the General Assembly created a Debt Affordability Advisory Committee to annually advise the Governor and the General Assembly on the estimated debt capacity of the State for the upcoming 10 fiscal years. The Committee must undertake an annual debt affordability study and establish guidelines for evaluating the State's debt burden. The Committee consists of the State Treasurer, the Secretary of Revenue, the State Budget Officer, the State Auditor, the State Controller, and four members of the

¹² For example, if the building would impact wetlands or if the school will not be part of a public water system.